



## Nepal Enterprise-Based Biodiversity Conservation Project

April 1994 — September 2005

In 1995, EnterpriseWorks Worldwide and its local affiliate the Asia Network for Sustainable Agriculture and Bioresources (ANSAB) launched a pioneering effort to conserve globally significant biodiversity in the mountainous regions of western Nepal by promoting profitable, conservation-based management of the area's forest and pasture resources.

The project began in the remote district of Humla, with funding from the Biodiversity Conservation Network. EnterpriseWorks and ANSAB trained collectors of natural products to harvest the resources in a sustainable manner and also worked with the community to develop and implement a basic resource monitoring system. The project established Humla Oil Pvt. Ltd., a community-owned company -- and the first private essential oil enterprise in western Nepal -- to extract oils from a variety of plants through steam distillation. Among the products harvested for processing and sale are Jatamansi (*Nardostachys grandiflora*), Atis (*Delphinium himalayai*), Kutki (*Picrorhiza scrophulariiflora*), Juniper (*Juniperus indica*), and Guchchi Chyau (*Morchella conica*). Humla Oil also sells marc, a solid residue byproduct of the distillation process that is used to make incense.

In 1999, the USAID Global Conservation Program (GCP) provided funding to expand the initiative to include a variety of natural products in five additional districts: Kalikot, Jumla, Dolpa, Mugu, and Bajhang. The expanded project is helping more local communities (organized as Community Forest User Groups) negotiate the community forest "handover" process and develop and implement participatory resource management plans. Through the handover process in Nepal, forest user groups can legally gain economic control over local natural resources from the government, enabling them to earn royalties on materials harvested from the forest and pasturelands and providing an additional economic incentive to conserve natural resources and biodiversity.



**Economic Participants**

1,090 --- in 2001

**Enterprises Assisted**

3 --- in 2001

**Total Monetary Benefits**

\$10,904 --- in 2001

**Cumulative TMB**

\$105,460

**Project Budget**

\$919,933

**Primary Funders**

USAID/Global Center for  
the Environment  
Biodiversity Conservation  
Network

Ford Foundation  
Rockefeller Foundation

A detailed study by EnterpriseWorks showed that program beneficiaries boosted their annual income from collecting and selling natural products by 175 percent during the period 1995-1998. By comparison, non-participating households in the area experienced a 12 percent loss in annual income due to poor agricultural conditions. The project expanded the number of collectors to 72

percent of the local population - an increase of 20 percent - during the same period while simultaneously realizing conservation and resource management goals in the project area. Moreover, the project was selected in 1999 for inclusion in the USAID Best Practices Project, an effort by the agency to document and disseminate information about its most successful programs and most effective small business development strategies.

### OBJECTIVES

- Expand and institutionalize participatory natural resource management and conservation practices in accordance with Nepal's community forestry policies.
- Enhance local knowledge and skills of Community Forest User Groups and practice of biological resource conservation methods.
- Promote commercial use of natural products and biological resources in an ecologically sustainable and socially equitable manner.
- Generate scientific data through regeneration and growth studies for the sustainable management of natural resources.

### PROGRESS REPORT

**Two new enterprises established.** The project continues to help launch sustainable natural product-based enterprises. In 2002, two new enterprises were established, the Bhagwati Oil Milling Enterprise in Jumla and the NTFPs Trading Cooperative in Humla. The enterprises add value to the NTFPs, increase local incomes and employment, transfer technical knowledge on sustainable species management and harvesting, and demonstrate the need for biological monitoring to ensure a long-term supply of the resources.



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**Improved forest management.** Through 2003, the project worked with 62 community groups in Humla, Jumla, Bajhang, Mugu, and Dolpa, resulting in the transfer of 34,857 ha of forestland to local communities. Of this, 30,000 ha are classified as forest area under "improved management." The target for 2004 is to bring an additional 1,143 ha (for a total of 36,000 ha cumulative) of biologically important habitat under improved management.

**Better environmental policy.** Along with organizing and participating in numerous forums to discuss policy initiatives that impact community forestry in Nepal, EnterpriseWorks facilitated the creation of Himali Jadibuti Sarokar Samuha (HJSS), a policy advocacy group on Himalayan NTFPs that provides feedback to policymakers about on-the-ground realities, development of appropriate policies, and proper implementation. Among other things, HJSS's advocacy is intended to help mitigate the uneven application of forestry regulations that has been identified as a threat to forest management-based conservation.

**The project is ahead of targets in number of groups and hectares.** The project worked with sixty-two groups versus the fifty-three projected for 2003. An additional 11,502 ha of new area have been brought under improved management versus 5,500 planned for 2003, which is

209.12% of the target. This progress is due to greater demand for project services after earlier assisted groups and DFOs heard/saw successes and are now more receptive to Community Forest User Group (CFUG) policies. The higher number of hectares is also due to ANSAB's efforts to get larger Forest User Groups (FUGs) awarded that can be managed in a biologically sustainable fashion, as evidenced by the awards in Dolpa this year that were all 1,200 hectares or more. Finally, ANSAB's greater efficiency in assisting groups due to the learning curve that has been climbed rapidly in the project has contributed to targets being succeeded.

**Implementation of Biological Monitoring Plan by Community Forest User Groups.** A Biological Monitoring Plan helps forest user groups determine a biological baseline using the following criteria: ecosystem health and vitality, threats to biodiversity, stock of economic plants, growth and yield of economic plants, and regeneration. The baseline provides a basis for ongoing monitoring of changes in biodiversity resulting from project interventions. Outcomes of biological baseline assessments are used by the groups to prepare resource conservation and harvesting plans.

**Changes in district forestry personnel have hindered the project's efforts.** One of the greatest challenges to the project's success is the frequent rotation of forestry officials at the district level. Whenever the District Forest Officer (DFO) is transferred from Humla, there is typically a gap before a replacement arrives. Yet without a DFO in charge no official action can take place, including the hand-over of community forests. Once in place, the new officer needs to become familiar with the district and its staff, by which time the DFO is often transferred again. This ongoing situation makes it extremely difficult for the project staff and communities to develop working relationships and move official business forward.

### LESSONS LEARNED

**Partners in the Field.** Experiences at the field level indicate that it is more effective to partner with local NGOs in this type of community-based effort, especially when working in some of the less secure areas of Nepal. The local partnership promotes capacity-building, long-term sustainability, local-level coordination, and smooth implementation of project activities. EnterpriseWorks and ANSAB are currently partnered with NGOs for work in Humla, Jumla, Bajhang, Mugu, and Dolpa districts.

**Coordination and Cooperation with District Forestry Offices is Critical.** EnterpriseWorks and ANSAB have developed good working relationships with district forestry staff, important players in any resource management effort. As a result of the project's training activities and successful enterprise development work, the District Forestry Offices and neighboring communities better understand project goals and are actively helping to expand the program's reach.

**Effective Resource Management Planning and Communication Builds Trust and Can Help Solve Long-Standing Conflicts.** The project's role as a natural resource management "consultant" enabled EnterpriseWorks and ANSAB to work with the District Forestry Office staff to mediate a long-standing land use and boundary conflict between neighboring communities. A meeting of the parties enabled ANSAB staff to work with community groups to identify and resolve grievances to the satisfaction of all concerned. The project also provided conflict resolution training to interested groups.